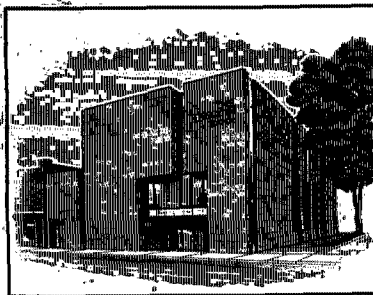


KENNETH STANLEY

President



13009

RECORDATION NO. \_\_\_\_\_ Filed 1426

MAR 26 1981 -10 45 AM

INTERSTATE COMMERCE COMMISSION

# THE MARTIN BANK

POST OFFICE BOX 320 • MARTIN, TENNESSEE 38237 • TELEPHONE 587-3131

December 24, 1980

Secretary  
Interstate Commerce Commission  
12th and Constitution Ave., N.W.  
Washington, D. C. 20423

Re: Recordation of Security Interest in  
Railroad Rolling Stock

Dear Mr. Secretary:

Enclosed are the original security agreement and two executed counterparts under which The Martin Bank has been granted a security interest.

The name of the mortgagor is: J. W. Shore

The name of the mortgagee is: The Martin Bank

The security interest covers debtor's undivided 50% interest in the following railroad rolling stock:

1. General description and type: Two (2) 4,750 cubic foot capacity, unlined, 100-ton truck gravity discharge covered hopper cars with trough hatches.
2. No. of each type: Both cars are of the same type.
3. AAR Mechanical designation: L0
4. AAR Identifying Nos.: BRAX 260362, BRAX 260371

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MAR 26 10 30 AM '81  
T.O.C.  
FEE OPERATION

Page 2

The security interest also covers all replacements of the above identified cars.

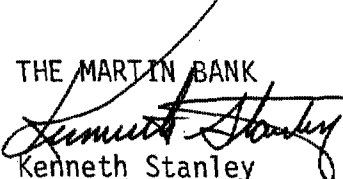
These documents have not been registered previously.

The undersigned states that the information contained herein is true of his own knowledge. The original document should be returned to:

Mr. Kenneth Stanley, President  
The Martin Bank  
Box 320  
Martin, Tennessee 38237

Very truly yours,

THE MARTIN BANK

  
Kenneth Stanley  
President

KS/jl

Enclosures

FARRIS, WARFIELD & KANADAY

FRANK M. FARRIS, JR.  
CHARLES H. WARFIELD  
THOMAS P. KANADAY, JR.  
JAMES G. MARTIN III  
STEPHEN W. RAMP  
WARREN H. WILD, JR.  
ROBERT N. BUCHANAN, III  
G. MICHAEL YOPP  
ELLEN K. BRONAUGH  
STEPHEN K. RUSH  
ROBERT D. TUKE  
JULIAN L. BIBB  
DANIEL W. SMALL  
CORNELIA A. CLARK  
FRANK M. GARRISON  
A. STUART CAMPBELL  
B. RINEY GREEN  
HAROLD NAILL FALLS, JR.

13009

RECORDATION NO. \_\_\_\_\_, Form 142b

MAR 26 1981 -10 45 AM

INTERSTATE COMMERCE COMMISSION

SEVENTEENTH FLOOR  
THIRD NATIONAL BANK BUILDING  
NASHVILLE, TENNESSEE 37219

TELEPHONE (615) 244-5200

March 23, 1981

Secretary  
Interstate Commerce Commission  
12th and Constitution Avenue, N.W.  
Washington, D. C. 20423

1-085A016  
No. \_\_\_\_\_  
Date MAR 26 1981  
Fee \$50.00  
ICC Washington, D. C.

Dear Mr. Secretary:

Please find enclosed two checks, each in the amount of \$50.00 to record the security interests reflected in the enclosed Security Agreements in favor of The Martin Bank. There are two separate Security Agreements, each encumbering a separate interest in the same two railway cars.

If you have any questions, please call the undersigned collect.

Very truly yours,

FARRIS, WARFIELD & KANADAY

*Robert N. Buchanan, III*

Robert N. Buchanan, III

RNB/lp  
Enclosure

cc: Kenneth Stanley

SECURITY AGREEMENT

Debtor:

James W. Shore  
111 Ponderosa Circle  
Martin, Tennessee 37237

Secured Party:

The Martin Bank  
Box 320  
Martin, Tennessee 37237

13009  
RECORDATION NO. \_\_\_\_\_ FILED 1981

MAR 26 1981 - 10 45 AM

INTERSTATE COMMERCE COMMISSION

Martin, Tennessee 37237

RECEIVED  
MAR 26 10 50 AM '81  
FEE OPERATION B

Section 1. Security Interest; Obligations Secured. Debtor hereby grants to Secured Party a security interest in, and grants, bargains, sells, conveys, assigns and transfers, subject to the terms hereof, the property rights described in Section 2 (herein called "Collateral") to secure the payment or other performance of all of Debtor's obligations and liabilities to Secured Party whether now existing or hereafter existing, and in addition the two following described notes:

1. A promissory note dated December 24, 1980, made by James W. Shore to the order of The Martin Bank in the principal amount of \$44,806.00 and all extensions, renewals, modifications and changes in form thereof.

2. A promissory note dated December 24, 1980, made by Hobart H. Beale to the order of The Martin Bank in the principal amount of \$44,806.00 and all extensions, renewals, modifications and changes in form thereof.

Debtor shall have the right to the possession and use of the Collateral in any lawful manner not inconsistent with this Agreement until default hereunder.

Section 2. Description of Collateral. The Collateral includes all the Debtor's right, title and interest in and to:

(a) Two (2) 4,750 cubic foot capacity, unlined, 100-ton truck gravity discharge covered hopper cars with trough hatches having the respective AAR identifying numbers: BRAX 260362 and BRAX 260371 and all replacements thereof.

(b) Debtor's interest in a certain Management Agreement with BRAE Corporation dated December 24, 1980.

The Collateral also includes proceeds and products derived from the Collateral, whether presently existing or hereafter arising.

Section 3. Representations, Covenants and Warranties of Debtor.

(a) Debtor will, at his cost and expense, execute, deliver, file or record (at such location and in such manner and form as Secured Party may require) financing statements or other papers that may be necessary or desirable or that the Secured Party may request in order to create, preserve, perfect, validate or satisfy any security interest granted hereby or to enable Secured Party to exercise and enforce

its rights hereunder. The right is expressly granted to Secured Party, in its discretion, to file one or more financing statements under the Uniform Commercial Code naming Debtor as Debtor and Secured Party as Secured Party and indicating therein the Collateral herein specified and also to record this Security Agreement with the Interstate Commerce Commission.

(b) Debtor will (i) keep such books and records pertaining to the Collateral at such office or offices of Debtor as shall be satisfactory to Secured Party; (ii) permit representatives of Secured Party at any time to inspect and make abstracts from Debtor's books and records pertaining to the Collateral; and (iii) furnish to Secured Party such information and reports regarding the Collateral and Debtor's financial status as Secured Party may from time to time require.

(c) Debtor will transmit to Secured Party promptly all information that he may have or receive which might in any way affect the value of the Collateral or Secured Party's rights or remedies with respect thereto.

(d) Debtor will not sell, assign or create a security interest in or otherwise encumber any of the Collateral to or in favor of any one other than Secured Party, except as set out herein.

(e) Debtor will not use or permit the Collateral to be used for any unlawful purpose or in violation of any federal, state or municipal law, statute or ordinance.

(f) Debtor will indemnify Secured Party against all claims arising out of or in connection with Debtor's ownership or use of the Collateral.

(g) Debtor shall procure, keep in force, and pay for, insurance on said Collateral, in such amounts and forms, and against such risks, and with such insurers as may be acceptable to Secured Party and such policies evidencing said insurance shall be furnished to Secured Party. If Debtor fails to furnish said insurance or fails to pay the premiums therefor, Secured Party may do so or may obtain insurance of his interest only, adding the amount of any such premium thereof to the other amounts secured hereby, however, Secured Party is under no obligation nor duty to pay such premiums or perfect such insurance. Debtor hereby assigns to Secured Party any return or unearned premiums which may be due upon cancellation of any of said policies for any reason whatsoever, and directs the insurers to pay Secured Party any amount so due, unless the Secured Party has been previously fully satisfied. In order to collect such return or unearned premiums or the benefits of such insurance, the Secured Party or any of its officers, agents, or employees are hereby appointed Debtor's attorney-in-fact to endorse any draft or

check which may be payable to Debtor; any balance of insurance proceeds remaining after payment in full of all amounts owing to Secured Party shall be paid to Debtor. Such return or unearned insurance premium or the benefits of such insurance, may, at Secured Party's option, be used for other insurance or to repair, restore, or replace the Collateral, or may be applied to any indebtedness secured hereunder, and if the indebtedness is payable in installments, then the installments in inverse order, satisfying the final maturing installments first.

(h) Debtor will promptly notify Secured Party of any change of Debtor's residence or any change in the identity or address of the manager of the railroad cars described in Section 2. Secured Party may inspect the Collateral at any time. The present address and identity of the manager of the railroad is: BRAE Corporation, 3 Embarcadero Center, Suite 1760, San Francisco, California 94111.

(i) Debtor will not permit anything to be done that may impair the value of any of the goods or the security intended to be afforded by this Agreement.

Section 4. Expenses. Debtor will, upon demand, pay to Secured Party forthwith the amount of all expenses including reasonable attorney's fees and legal expenses incurred by Secured Party in seeking to collect or enforce any rights in the Collateral and, upon any default by Debtor, in seeking to collect the Indebtedness.

Section 5. General Authority. Upon default on Debtor's part hereunder, Debtor hereby irrevocably appoints Secured Party as Debtor's true and lawful attorney-in-fact with full power of substitution, in Secured Party's name or Debtor's name or otherwise, for Secured Party's sole use and benefit, but at Debtor's cost and expense, to exercise at any time and from time to time all or any of the following powers with respect to all or any of the Collateral:

(a) to demand, sue for collection, receive and give acquittance for any and all monies due or to become due upon or by virtue thereof;

(b) to receive, take, endorse, assign and deliver any and all checks, notes, drafts, documents and other property taken or received by Secured Party in connection therewith;

(c) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereof;

(d) to sell, transfer, assign or otherwise deal in or with the same or the proceeds thereof, as fully and effectually as if Secured Party were the absolute owner thereof; and

(e) to extend the time of payment and to make any allowance and other adjustments with reference thereto; provided, however, the exercise by Secured Party of or failure to so exercise any such authority shall in no manner affect Debtor's liability to Secured Party hereunder or in connection with the Indebtedness, and provided further, that Secured Party shall be under no obligation or duty to exercise any of the powers hereby conferred upon it and it shall be without liability for any act or failure to act in connection with the collection of, or the preservation of any rights under, any of the Collateral. Secured Party shall not be bound to take any steps necessary to preserve rights in any instrument or lease against prior parties.

Section 6. Events of Default, Acceleration. Any or all of the Indebtedness shall, at the option of Secured Party become immediately due and payable without notice or demand upon the occurrence of any of the following events of default:

(a) default in the payment or performance of any Indebtedness, obligation or covenant contained herein or in any note or loan agreement, or other document evidencing any of the Indebtedness secured hereby; or

(b) loss, destruction, sale or unauthorized encumbrance of any of the Collateral; or

(c) any warranty, representation or statement made or furnished to Secured Party by or on behalf of Debtor proves to have been false in any material respect when made or furnished; or

(d) dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the property of, assignment for the benefit of creditors by or the commencement of any proceedings under any bankruptcy or insolvency law by or against the Debtor; or

(e) permitting a judgment against Debtor to remain unsatisfied for more than thirty (30) days.

Section 7. Rights and Remedies on Default. Upon the occurrence of any such event of default, and at any time thereafter, Secured Party may exercise from time to time any rights and remedies available to it under applicable law. Any notice of intended disposition of any of the Collateral required by law shall be deemed reasonable if such notice is given at least five (5) days before the time of such disposition. Any proceeds of any disposition by Secured Party of any of the Collateral may be applied by Secured Party to the payment of expenses in connection with the Collateral, including reasonable

attorney's fees and legal expenses, and any balance of such proceeds may be applied by Secured Party toward the payment of the Indebtedness in accordance herewith.

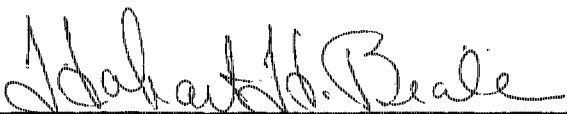
Section 8. General. Secured Party shall not be deemed to have waived any of Secured Party's rights hereunder or under any other agreement, instrument or paper signed by Debtor unless such waiver be in writing and signed by Secured Party. No delay or omission on the part of Secured Party in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. Any notice from Secured Party to Debtor, if mailed, shall be deemed given when mailed, postage prepaid, addressed to Debtor at Debtor's address shown above, or at any other address of Debtor appearing on Secured Party's records. The covenants, representation, warranties and agreement herein set forth shall be binding upon Debtor, his successors, and assigns. Unless the context otherwise requires, all terms used herein which are defined in the Uniform Commercial Code in the State of Tennessee shall have the meanings therein stated.

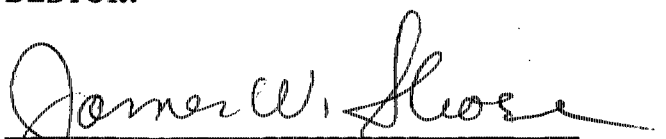
Hobart H. Beale joins in the execution of this Security Agreement to evidence as tenant-in-common with Debtor in the Collateral, his consent to the encumbrances created herein.

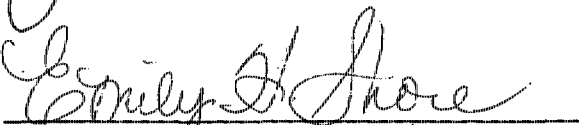
The wife of Debtor joins in the execution of this Security Agreement to subject her marital rights, if any, to the Collateral to Secured Party's security interest created herein.

IN WITNESS WHEREOF, the parties have executed this Agreement at MARTIN, TENNESSEE on the 24th day of DECEMBER, 1980.

DEBTOR:

  
HOBART H. BEALE

  
JAMES W. SHORE

  
(wife)

SECURED PARTY:

THE MARTIN BANK

By: 